C5250-2 12/17/82

SOFT DRINKS □ BEER □ BOTTLED WATER □ WINE □ POWDERS □ JUICES □ SPIRITS

DECEMBER 3, 1982

# Beverage Industry

MARKETING □ DISTRIBUTION □

AN HBJ PUBLICATION

## Voters turn back four mandatory deposit issues

**By Holly Klokis**
**Managing Editor**

SPECIAL REPORT—Victories over deposit legislation last month in California, Washington, Arizona and Colorado could have won the beverage industry a reprieve over national deposit legislation. At least that is the position of the National Soft Drink Association and industry sources contacted by Beverage Industry in the wake of the Nov. 2 elections.

California, long considered crucial to stopping the domino effect of state-by-state enforcement of forced deposits, waged a successful $6 million campaign against the measure that resulted in 56% of the voters saying "No" to Proposition 11. Colorado, a state that already has extensive recycling programs, had the largest majority of voters against bottle bill legislation, with 76% opposed, 24% in favor. Washington, a Model

*(Continued on page 8)*

## USBA, NABM clash over Mexican beers

WASHINGTON, DC — The United States Brewers Association (USBA) and the Mexican National Association of Beer Manufacturers (NABM) are at odds over a USBA petition to the U.S. government seeking graduation of Mexican beer imports from duty-free treatment under the Generalized System of Preferences (GSP).

Early in October, in testimony before the GSP Subcommittee of the U.S. Trade Representative's Office here, Rep. Richard Gephardt

*(Continued on page 6)*

## NBWA elects Weinstein at annual meeting

BALTIMORE, MD—Laurence A. Weinstein became president of the National Beer Wholesalers' Association of America, Inc. (NBWA), at the annual meeting of the organization's board of directors, held here recently.

Weinstein, who is presi-

*(Continued on page 10)*

## BI Week

**• Seven-Up Bottlers have until Nov. 23 to accept or reject the franchisors' "take it or leave it" offer on Like. Seven-Up willing to offer nonexclusive agreement to combination Cola/ Seven-Up bottlers. Primary target group is Royal Crown bottlers. Fred Adamany, RC president, taking strong position, will not compromise on his firms' exclusive franchise.**

*(Continued on page 31)*

## Fred M. Adamany, RC President, named BI's 1982 Man of the Year

**By Paul E. Mullins**
**Editor**

ROLLING MEADOWS, IL—Fred M. Adamany, president of the Royal Crown Cola Co., located here, can look back on a year that has seen his firm score a major coup with the successful national rollout of RC-100, the industry's first decaffeinated product; the resurgence of the Royal Crown bottler force; the debut of RC Decaffeinated (currently being repackaged and repositioned as regular RC-100) and which has been

*(Continued on page 16)*

## Nielsen study checks rate of sodium labeling

WASHINGTON, DC — A.C. Nielsen is conducting sodium labeling surveys on soft drinks and other foods to help the Food and Drug Adminis-

*(Continued on page 20)*

## BI Package of the Week

LA 7UP puts 16-page children's coloring book in 12-packs. P.2.

0170 03769B1 10 91
STATISTICAL REF INDEX
7101 WISCONSIN AVE #900 UCV
WASHINGTON DC 20014

SOFT DRINKS □ BEER □ BOTTLED WATER □ WINE □ POWDERS □ JUICES □ SPIRITS

DECEMBER 3, 1982

# Beverage Industry

MARKETING □ DISTRIBUTION □ TECHNOLOGY

AN HBJ PUBLICATION

## Bottled water popularity should double by 1990

SPECIAL REPORT – For the rest of the '80s, the domestic bottled water market should grow by leaps and bounds, much as it has for the past six years. Total U.S. bottled water consumption is expected to hit 1.8 billion gallons in 1990, more than double current use, according to newly-compiled figures from Beverage Marketing Corp., New York City.

Domestic producers should account for almost all of that gallonage, says BMC. Perrier, which owns Poland Spring (ME), Oasis (TX) and Calistoga (CA) bottled water companies, generally agrees with BMC's 1990 projections, but believes imports could account for more than BMC's estimates (35 million gallons).

Kim Jeffery, vp, sales at Perrier, says his company expects a 50% rise in total U.S. bottled water sales by 1985. Assuming BMC's figures, 1982 sales should be 834.2 million gallons, means the bottled water market will top the billion gallon level in three years.

The upward trend is especially strong for still water (non-carbonated), says Jeffery. Still water is sold mainly in one-half and one gallon plastic containers in most of the country. Although, in California, the bulk of still water sales is home delivery of 5-gallon containers.

Perrier says that in the six major markets for still water: New York, Miami, San Francisco, Los Angeles, Houston and Boston, sales

*(Continued on page 13)*

**Estimated 1981 domestic water sales by company**

| Company | Sales (millions $) | Share |
|---|---|---|
| Foremost/McKesson | 94.5 | 15.2% |
| Beatrice Foods Co. | 92.0 | 14.8 |
| Hinckley Schmitt | 21.0 | 3.4 |
| Nestle Enterprises | 19.0 | 3.1 |
| Beverage Management Inc. | 17.6 | 2.8 |
| Sierra | 12.0 | 1.9 |
| Mountain Valley Water Co. | 10.0 | 1.6 |
| Glenwood/Inglewood | 10.0 | 1.6 |
| Poland Spring Co. | 10.0 | 1.6 |
| Oasis Water Co. | 5.0 | 0.8 |
| Belmont | 4.5 | 0.7 |
| Calistoga | 4.0 | 0.6 |
| Artesea Waters Inc. | 3.5 | 0.6 |
| Kentwood | 3.1 | 0.5 |
| Syfo Water Co. | 3.0 | 0.5 |
| Saratoga Springs | 3.0 | 0.5 |
| Wometco Enterprises | 3.0 | 0.5 |
| Sub-total | 315.2 | 50.7 |
| All others | 306.1 | 49.3 |
| Grand Total | 621.3 | 100% |

Source: Beverage Marketing Corporation; Beverage Data Bank.

Copyright: Beverage Industry, December 3, 1982

## Sun Valley test markets low-sodium spring water

SUN VALLEY, ID—After a year of research and development, Sun Valley Mineral Water, Inc., is test-marketing its low-sodium mineral water in Idaho and Washington.

Drawn from mountains overlooking the popular ski resort, the Idaho spring water is lightly carbonated to add "hydrovessence," according to Paul Chichester, vp-marketing. He says the product, with 1 mg. sodium per 100 gr., will be positioned to compete with imported mineral waters.

Half-Liter bottles have custom-colored blue base and closures symbolic of chilled mineral water.

Several bottlers are seeking franchises or bottling contracts, and Sun Valley plans expansion soon throughout the western states. A Southern California food broker plans to test market Sun Valley in his area, and at least one Las Vegas casino is investigating using the water as a mixer.

Sun Valley is currently being packaged in .5-L plastic bottles from Owens-Illinois with EVA-lined Scor-Top closures and laminated paper-foil labels. A non-carbonated version will be sold in 2-L plastic containers, and both carbonated and non-carbonated waters will be presented in 10 oz. bottles sold in the O-I Easy Dozen Contour-Pak.

The Idaho company is also exploring the development of a "rehydration" atomizer, filled with mountain water, to compete with the European Evian face care product.

● For more information on **Sun Valley Mineral Water,** circle no. 170.

## Green Spot to market aseptic drinks in U.S.

CLAREMONT, CA—Green Spot, a widely-known brand name in Southeast Asia, should soon become familiar to many Americans.

The Green Spot Co., a South Pasadena wholesaler of fruit essences and extracts since 1934, has long been supplying a network of its own bottlers in Southeast Asia. Based on the strength of the brand name there, the company introduced a line of fruit drinks in aseptic packaging and positioned it for the soft drink segment of the beverage market. Today, those aseptic drinks are sold right along side soft drinks in retail stores.

Green Spot Packaging, Inc., a newly formed subsidiary of the Green Spot Co., recently completed structural work on a new 60,000 sq. ft. aseptic packaging facility here, making it the largest aseptic packaging operation of its kind in the West. The new facility, which is planned exclusively for lines marketed under the Green Spot brand, marks the first time since the early 1950's that Green Spot will compete directly for a share of the soft drink market under its own brand in the U.S.

According to a spokesperson for the company, the plant will soon begin running four 250 ml Brik Pak aseptic units, with first shipments planned for this month or next to Southern California. To start, three flavors will be produced, orange drink, fruit punch and grape, with other products planned for the future to extend the line.

If all goes well, the company is considering going national using a franchise system, the spokesperson said.

A Green Spot advertising campaign, now in production, is scheduled to break late this year or in early 1983.

● For more information on **Brik Pak,** circle no. 171 on reader service card; for **Green Spot,** circle no. 172.

## Contents

### Fred M. Adamany BI's Man of Year

Fred M. Adamany, president of the Royal Crown Cola Co. of Rolling Meadows, IL, can reflect on a great year that is closing with the announcement of his selection as **Beverage Industry's** Man of the Year.

He's been a major force in the revitalizing of the RC franchise system and he's seen RC score big with the successful national introduction of RC 100, the industry's first decaffeinated product, the resurgence of the Royal Crown bottling force and the debut of RC Decaffeinated.

For the whole story on our Man of the Year, see **page 1.**

### 7 UP offers kids free coloring book

Children in southern California are getting a free holiday coloring, song and story book with the purchase of a 12-can pack of 7-Up.

The 16-page book is believed to be the largest item ever pre-packed in a soft drink carrier. The aim is to give primary customers an extra incentive to buy the package and create a lasting impression. The book also features a discount coupon and retails between $3.99 and $4.29. The promotion, which went on the market in early October, will continue through the end of the year.

For more information, on this novel promotion idea, see **page 22.**

### Growth to continue for bottled water

The domestic bottled water industry is expected to continue its leaps-and-bounds growth rate with consumption expected to more than double by 1990.

The figures, compiled by the Beverage Marketing Corp., show consumption is expected to hit 1.8 billion gallons in the U.S. by 1990. The upward trend is especially strong for still or non-carbonated water. Sources attribute these strong sales of still water to dissatisfaction with municipal water.

For more facts and figures on the bottled water industry, see **page 4.**

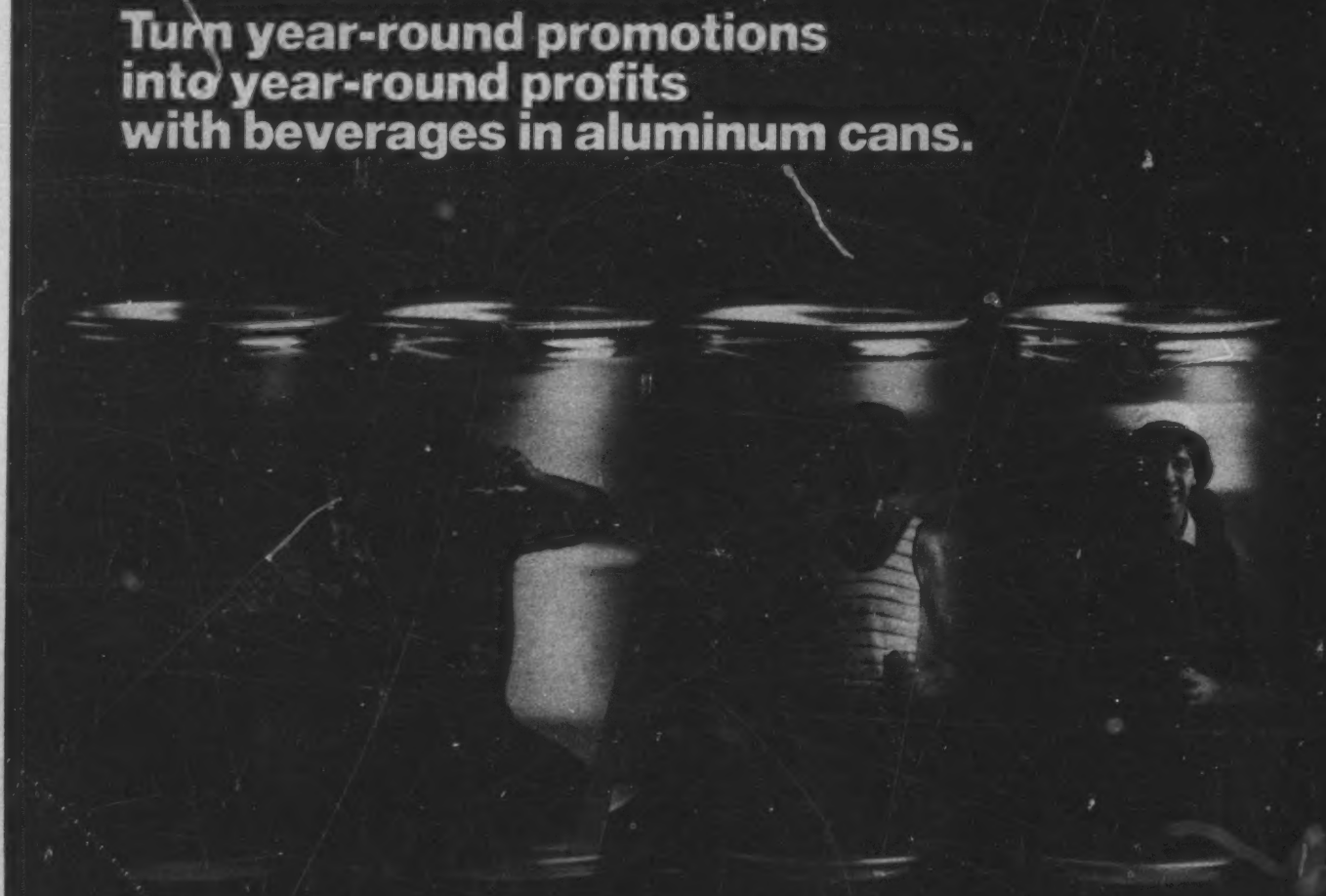
### Departments


Ad Index .....29
Classified .....27
Editorial .....30
New Products .....26
News Makers .....25
Reader Service .....11
Supply House .....24


**BEVERAGE INDUSTRY** (ISSN 0148-6187) is published semi-monthly by Magazines For Industry, Inc., a subsidiary of Harcourt Brace Jovanovich Publications. Corporate and Editorial offices: 757 Third Avenue, New York, New York 10017. Advertising offices: 757 Third Avenue, New York, New York 10017 and 111 East Wacker Drive, Chicago, Illinois 60601. Accounting, Advertising Production and Circulation offices: 1 East First Street, Duluth, Minnesota 55802. Subscription rates: $35 per year in the United States and Canada. All other countries: $55 per year. Single copies (prepaid only): $2 in the U.S.; elsewhere $4.50; add $3.00 for shipping and handling per order. Second class postage paid at Duluth, Minnesota 55806 and additional mailing offices.
Copyright 1982 by Magazines For Industry, Inc., a subsidiary of Harcourt Brace Jovanovich, Inc. All rights reserved. No part of this publication may be reproduced or transmitted in any form or by any means, electronic or mechanical including photocopy, recording, or any information storage and retrieval system, without permission in writing from the publisher. Microfilm copies of articles are available through University Microfilm, International, 300 N. Zeeb Road, Ann Arbor, Michigan 48106.

POSTMASTER: Send address changes to BEVERAGE INDUSTRY, P.O. Box 8258, Duluth, Minnesota 55805.


Turn year-round promotions into year-round profits with beverages in aluminum cans.



Spring, summer, fall and winter, beverages in recyclable aluminum cans give you the margin for profitable promotions.

In fact, on a full cost basis, net profits per case on beverages in aluminum cans are higher than on any other container, regardless of size.

People love aluminum cans because they're always in demand. People prefer to buy beverages in aluminum no matter what the season. They want the convenience, stackability and quick chilling that aluminum cans give them, not just in summer, college, but for year-round celebrations. So you can promote them year-round, and profit year-round.

People want aluminum cans for another reason, too. They're recyclable. In fact, more than half of all the aluminum cans sold last year were recycled. More than 3 billion of them.

Promote beverages sold in recyclable aluminum cans year-round, and profit year-round.

ALCOA

### U.S. bottled water market gallonage* by type 1976-1982

| | Domestic water | | | | |
|---|---|---|---|---|---|
| | Bulk/sparkling | Club/seltzer | Total | Total imports | Total bottled water |
| 1976 | 154.2 | 51.6 | 305.8 | 1.2 | 307.0 |
| 1977 | 278.7 | 53.1 | 331.8 | 3.3 | 335.1 |
| 1978 | 413.4 | 53.4 | 466.8 | 13.4 | 480.2 |
| 1979 | 476.8 | 59.6 | 536.4 | 28.1 | 564.5 |
| 1980 | 537.3 | 79.5 | 616.8 | 11.4 | 628.2 |
| 1981 | 621.3 | 87.4 | 708.7 | 11.6 | 720.3 |
| 1982(E) | 723.1 | 99.0 | 822.1 | 12.1 | 834.2 |

*Millions of gallons.

Source: Beverage Marketing Corporation; Beverage Data Bank; Bureau of the Census; John Maxwell, Lehman Bros.; Kuhn Loeb Research.

Copyright: Beverage Industry, December 3, 1982

### Estimated domestic bottled water sales by brand 1981

| Company | Brand | Brand sales (millions $) |
|---|---|---|
| Foremost/McKesson | Sparkletts | 65.0 |
| | Alhambra | 17.0 |
| | Crystal Btl. | 10.0 |
| | Hygeia | 2.5 |
| Beatrice Foods Co. | Arrowhead | 60.0 |
| | Great Bear | 20.0 |
| | Ozarka | 12.0 |
| Hinckley Schmitt | Hinckley Schmitt | 21.0 |
| Nestle Enterprises | Deer Park | 19.0 |
| Beverage Management Inc. | Crystal Water | 8.7 |
| | Polar Water | 6.1 |
| | Perfection | 2.8 |
| Sierra | Sierra Spring | 12.0 |
| Mountain Valley Water Co. | Mountain Valley | 10.0 |
| Glenwood/Inglewood | Glenwood/Inglewood | 10.0 |
| Poland Spring Co. | Poland Mineral | 10.0 |
| Oasis Water Co. | Oasis Drinking Water | 5.0 |
| Belmont | Belmont | 4.5 |
| Calistoga | Calistoga | 4.0 |
| Artesia Waters Inc. | Artesia Mineral Water | 3.5 |
| Kentwood | Kentwood | 3.1 |
| Syfo | Syfo Bottled Water | 3.0 |
| Wometco Enterprises | Deep Rock | 3.0 |
| Saratoga Springs | Saratoga Vichy | 3.0 |

Source: Beverage Marketing Corporation; Beverage Data Bank

Copyright: Beverage Industry, December 3, 1982

### 1981 U.S. bottled water market share by region

| | Domestics Bulk/Sparkling | Imports Mineral |
|---|---|---|
| New England | 2.1% | 10.4% |
| Mid Atlantic | 12.7 | 31.9 |
| Great Lakes | 9.3 | 12.3 |
| Plains | 1.8 | 1.8 |
| Southeast | 16.5 | 16.0 |
| Southwest | 9.1 | 5.1 |
| Rocky Mountain | 1.1 | 1.0 |
| Far West | 47.4 | 21.5 |
| Total | 100.0% | 100.0% |

Source: Beverage Marketing Corporation; Beverage Data Bank.

Copyright: Beverage Industry, December 3, 1982

## Bottled water

*(Continued from page 4)*

have grown an average 46% in 1982, compared to 1981. Jeffery calls that growth "phenomenal."

He and other sources attribute these strong sales of still water to consumer dissatisfaction with local municipal water quality and a subsequent desire for "natural," "healthful" drinking water.

Even though sparkling waters are selling well and should continue to, according to BMC numbers, Jeffery says, "our strongest growth is in the one-gallon container still water business."

BMC lumps bulk (still) and sparkling waters together in its bottled water sales figures for 1976 through 1982. Likewise, club soda and seltzer water are grouped together. Between '76 and '82, total bottled water sales in the U.S. have risen two-and-a-half times to 834.2 million gallons. Domestic companies' bulk/sparkling waters have gone from 254.2 million gallons in '76 to 723.1 million this year, and club/seltzer water sales have doubled to 99.0 million gallons.

Domestically produced waters have risen steadily, but the imports' sales have been in a boom and bust cycle. Between '76 and '79, sales of imported bottled waters (mostly sparkling) ballooned from 1.2 million gallons to 28.1 million. But, in 1980, sales dropped substantially, to 11.4 million gallons.

Since then, imports have inched up to 12.1 million gallons sold this year, according to BMC's estimate. A few sources at imported bottled water companies dispute BMC's numbers on sales since 1980. They say the numbers don't accurately represent inventory depletions. Inventories were built up enormously during the boom period of '76 to '79.

Also, in that period, bottled water companies' advertising expenses zoomed to $10.7 million. Since 1979, however, advertising expenditures have dropped off considerably. The reason for this, according to sources, is industry consolidation. A prime example is Perrier's three acquisitions over the past two years. Jeffery says Perrier "saw lots of competition until 1980 from many companies (foreign and domestic)." But, since 1980, several companies have either dropped out or

*(Continued on page 20)*

**One call to AMCO and your overhaul replacement parts are on the way!**

Call us for precision bottling replacement parts. For fast service. Or for a quote. Our toll-free line makes it easy on you.

When it's overhaul time . . . give us a call for **all** your replacement parts needs . . . chances are we'll have your complete order in-stock ready to ship.

AMCO PRODUCTS COMPANY

P.O. Box 145, Ft. Smith, Ark. 72902
501 S. Phoenix, Ft. Smith, Ark. 72901
Telephone: 501-646-8949
**TOLL-FREE 1-800-643-2510**
(outside Arkansas)

Circle no. 103 on Reader Service card

## Bottled water

*(Continued from page 13)*
have been acquired.

In any case, Foremost/McKesson, with its four brands, is the no. 1 bottled water company in 1981 with $94.5 million in sales and a 15.2% market share. Beatrice Foods Co. is no. 2 with $92 million in sales and a 14.8% share of the U.S. market. Far behind the two leaders are Hinckley Schmitt ($21 million), Nestle Enterprises ($19 million) and Beverage Management Inc. ($17.6 million).

The rest of the companies listed by BMC held less than 2% of the market in 1981.

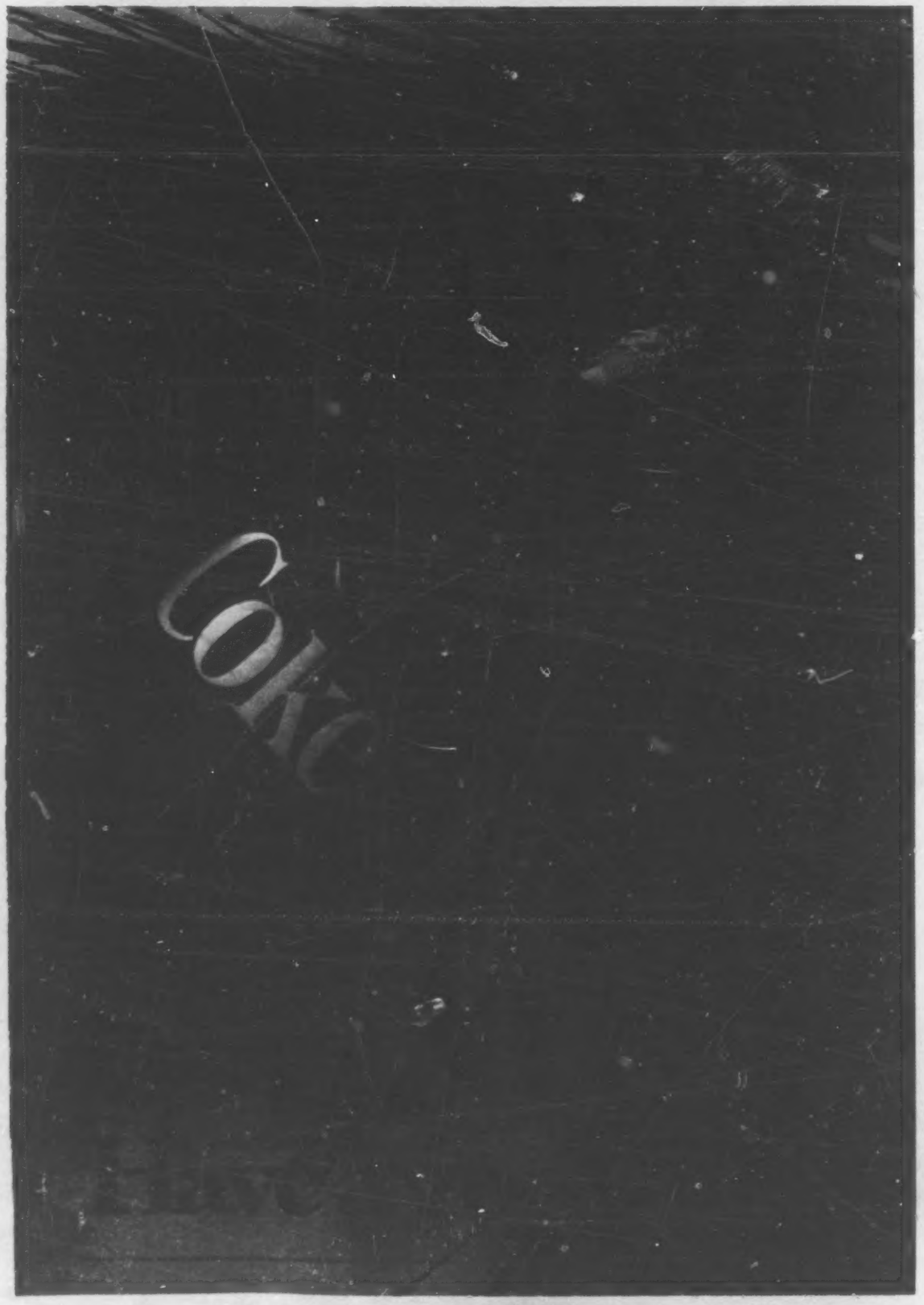
Individual brand leaders in 1981, according to BMC, are Sparkletts (Foremost/McKesson) and Arrowhead (Beatrice), which sold $65 million and $60 million respectively. Hinckley Schmitt brand is no. 3 with $21 million and Beatrice's Great Bear is no. 4 with $20 million.

According to BMC, people in the Far West drink far more bottled water than those in any other region of the U.S. Far Westerners, mostly in Los Angeles and San Francisco, account for 47.4% of domestically produced bulk and sparkling waters; they also account for 21.5% of imported mineral water consumption.

Mineral water imports have a larger following in the Mid Atlantic region, mainly New York City. The 16% shares in the Southeast are almost entirely accounted for by Miami, FL. In the New England region, Boston accounts for almost all of the imported mineral water share. Areas with the least bottled water consumption are the Rocky Mountain states and the Plains states.

Total U.S. bottled water consumption, while growing rapidly, nonetheless has a long way to go to challenge per capita consumption of soft drinks, coffee, beer, milk or even juices. Per capita consumption of bottled waters in 1981 was less than two gallons, lowest of any commercial beverage.

It is generally agreed, however, that Americans are switching their preference from commercial beverages that are cold, carbonated, and high-calorie to drinks that are cold, not necessarily carbonated and definitely low-calorie.



Circle no. 107 on Reader Service card

## Labeling

*(Continued from page 1)*
tration (FDA) determine the rate such labeling is entering the marketplace.

The testing group conducted overall nutrition labeling surveys for the agency in 1978, 1980 and 1982. However, this survey addresses only sodium declaration rather than all information appearing on the food label, said Dr. Ray Schucker, staff advisor with FDA's Office of the Associate Director for Nutrition and Food Science.

The study, to be completed next June, will provide FDA with data on sales and volume movement of all brands of packaged foods handled through warehouse systems of a national sample of supermarkets. Nielsen is surveying markets in Los Angeles, Chicago and New York, visiting two chain stores and one independent store to record sodium declaration data.

The survey results "might determine whether Congress introduces legislation requiring mandatory sodium labeling on all foods," Dr. Schucker explained.

G5750-2
1/25/83

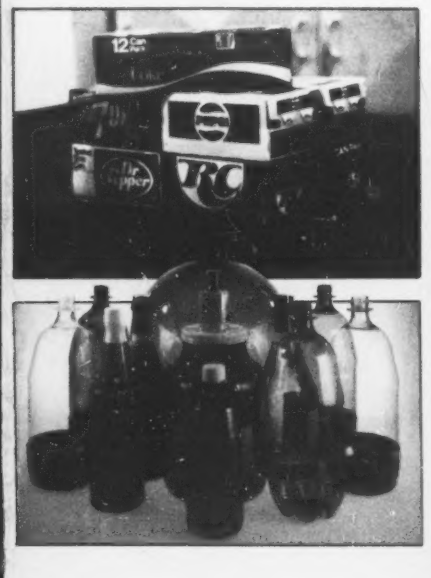
SOFT DRINKS □ BEER □ BOTTLED WATER □ WINE □ POWDERS □ JUICES □ SPIRITS

DECEMBER 31, 1982

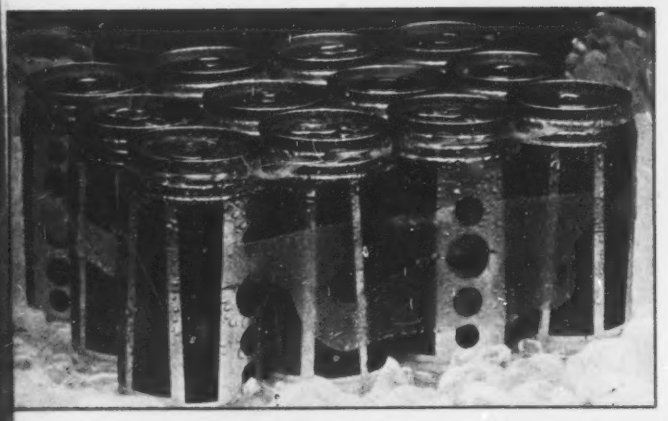
# Beverage Industry

MARKETING □ DISTRIBUTION □ TECHNOLOGY

AN HBJ PUBLICATION



**Among debuts:** Just five of the new products introduced at this year's meeting are: upper left, Manville Forest Products new paperboard tray holds two 12-packs; center, left, full beverage array of PET containers were exhibited by Eastman Chemicals (containers were supplied by several different bottle makers); lower left, Hi-Cone's new low-cost 12-pack band; above, new stackable triple neck cans from Reynolds and upper right, stackable triple neck cans from Continental.



## New products proliferate at NSDA Atlanta expo

ATLANTA, GA—Approximately 14,700 soft drink executives, wives, exhibitors and guests were on hand here, Nov. 30-Dec. 2 for this year's NSDA convention and International Beverage Congress and expo.

The total is approximately 300 more than the last record-setting Atlanta meeting four years ago. *(For late-breaking news from this year's NSDA convention, see newsletter starting on page 13.)*

## Winemakers confused over sodium rules

WASHINGTON, DC—From the wine industry's perspective, it appears that the government's right hand doesn't know what the left hand is doing when regulating the use of sodium bisulfite and sodium metabisulfite as wine treatment materials.

The confusion stems from the Bureau of Alcohol, Tobacco and Firearms (ATF) proposed deletion of the use of these compounds last June, and the Food and Drug Administration's (FDA) subsequent proposed affirmation of these substances' Generally Recognized As Safe (GRAS) status.

ATF's proposed elimination of these and other sodium compounds used in wine processing was in "response to the general concern about reducing sodium in the diet," explained Robert Daugherty, Chief of ATF's rulings branch.

But FDA's published list of substances to be affirmed as GRAS was based on existing ATF regulations, which currently provide for sodium bisulfite and metabisulfite use, added Michael Breen, a rulings branch specialist. And FDA "couldn't issue a proposal based on specula-

*(Continued on page 32)*

## BI Week

**• Coca-Cola Co. has filed suit to stop the Procter & Gamble acquisition of Coca-Cola Mideast, Lexington, KY. Coke lawyers claimed that if the reported $60 million deal goes through, P&G will have gained unauthorized access to confidential information. In mid-December, Coca-Cola obtained a temporary restraining order and appeared to be set to pursue the matter promptly in the court. Informed sources told Beverage Industry that this appeared to be the first time the company had ever contested a planned ac-**

*(Continued on page 36)*

UCV
WASHINGTON DC 20014
7101 WISCONSIN AVE #900
STATISTICAL REF INDEX
0170 3769981 10 91

## Officials ask broadcast ban on liquor ads

WASHINGTON, DC—Several former government officials would like the current voluntary broadcast ban on liquor advertising extended to beer and wine.

John DeLuca and Dr. Ernest Noble, former directors of the National Institute on Alcohol Abuse and Alcoholism, former Sen. William Hathaway and former Federal Communication Commissioner Nicholas Johnson wrote several key Senate and House Committee chairmen involved with health and

*(Continued on page 31)*

## BI Package of the Week

Dr Pepper rolling out Pepper Free in variety of packages, p. 28.

# Contents

## BI newsletter covers convention

Coverage of the NSDA convention in Atlanta, Nov. 30 to Dec. 2, is located in a special **Beverage Industry** newsletter. The newsletter features news on every company's primary exhibits, including those products which were just being introduced at the show.

Route accounting systems for bottlers, quality control machines, recycling, trucks, company uniforms and other related news are featured. If you want to find out more about the convention, whether you attended or not, see **page 13.**

## Ex-officials want liquor ad ban

Several former government officials would like the current voluntary broadcast ban on liquor advertising extended to beer and wine.

Two former directors of the National Institute on Alcohol Abuse and Alcoholism, one former U.S. senator and a former commissioner of the FCC wrote several House and Senate committee chairman and urged that beer and wine advertising be reviewed for possible broadcast banning.

The men are particularly concerned about the estimated increase in drunk driving and young people's exposure to an "enormous amount" of television advertising.

For more on the push to ban beer and wine advertising, see **page 1.**

## Pepper Free to be launched in 60 mkts.

Dr Pepper Co. of Dallas has selected about 60 markets in the U.S. to launch its Pepper Free, a new caffeine-free soft drink. Rollout is scheduled for next month, according to Dr Pepper USA president Bob Hannigan.

The selected markets include locations primarily in the western and southwestern states of Texas, Oklahoma, California, Arizona and Nevada.

After two years in research Dr Pepper decided to target the new product at a consumer group similar to the sugar free users. For more information, see **page 28.**

### Departments


Ad Index .....46
Classified .....45
Editorial .....48
New Literature .....44
New Products .....43
News Makers .....35
Reader Service .....11
Supply House .....41



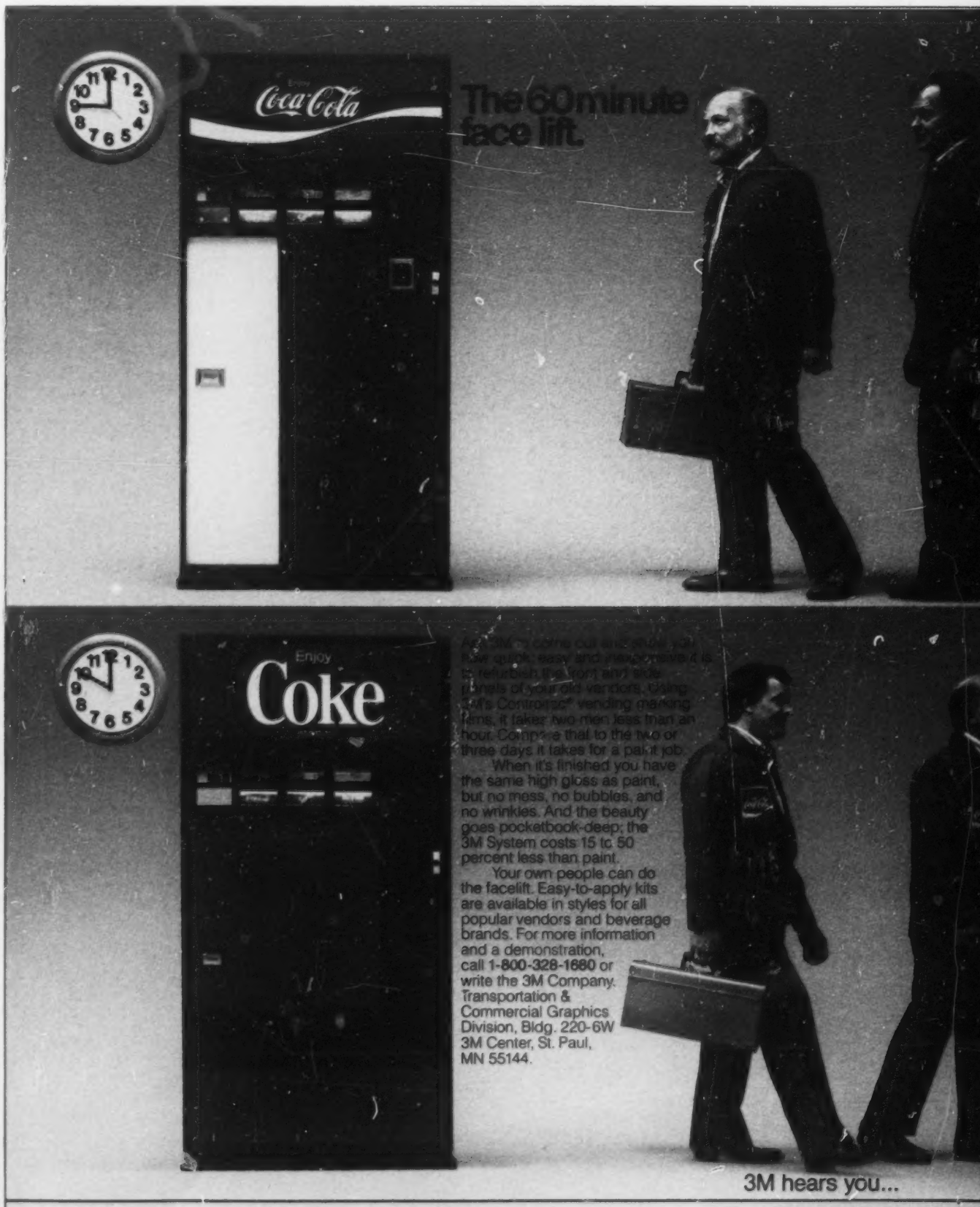
**BEVERAGE INDUSTRY** (ISSN-0148-6187) is published semi-monthly by Magazines For Industry, Inc., a subsidiary of Harcourt Brace Jovanovich Publications. Corporate and Editorial offices: 757 Third Avenue, New York, New York 10017. Advertising offices: 757 Third Avenue, New York, New York 10017 and 111 East Wacker Drive, Chicago, Illinois 60601. Accounting, Advertising, Production and Circulation offices: 1 East First Street, Duluth, Minnesota 55802. Subscription rates: $35 per year in the United States and Canada. All other countries: $55 per year. Single copies (prepaid only): $2 in the U.S.; elsewhere $4.50; add $3.00 for shipping and handling per order. Second class postage paid at Duluth, Minnesota 55806 and additional mailing offices.


Copyright © 1983 by Magazines For Industry, Inc., a subsidiary of Harcourt Brace Jovanovich, Inc. All rights reserved. No part of this publication may be reproduced or transmitted in any form or by any means, electronic or mechanical, including photocopy, recording, or any information storage and retrieval system, without permission in writing from the publisher. Microfilm copies of articles are available through University Microfilm, International, 300 N. Zeeb Road, Ann Arbor, Michigan 48106.



POSTMASTER: Send address changes to BEVERAGE INDUSTRY, P.O. Box 6259, Duluth, Minnesota 55806.






Circle no. 134 on reader's service card

## Estimated shipments for the major brewers

(millions of barrels)

| | 1978 | 1979 | 1980 | 1981 | 1982E |
|---|---|---|---|---|---|
| **Anheuser-Busch** | | | | | |
| Budweiser | 27.5 | 30.6 | 34.3 | 38.2 | 39.8 |
| Budweiser Light | — | — | — | 0.1 | 3.0 |
| Total Bud Brands | 27.5 | 30.6 | 34.3 | 38.3 | 42.8 |
| Michelob | 7.5 | 8.3 | 8.3 | 8.3 | 8.3 |
| Michelob Light | 0.8 | 1.7 | 2.1 | 2.4 | 2.6 |
| Total Michelob Brands | 8.3 | 10.0 | 10.4 | 10.7 | 10.9 |
| Natural Light | 2.4 | 2.6 | 2.4 | 2.2 | 2.0 |
| Busch | 3.4 | 3.0 | 3.1 | 3.3 | 3.6 |
| Total Nat. Lt. & Busch | 5.8 | 5.6 | 5.5 | 5.6 | 5.6 |
| Total Anheuser-Busch | 41.6 | 46.2 | 50.2 | 54.5 | 59.3% |
| **Miller** | | | | | |
| High Life | 20.8 | 23.3 | 23.1 | 23.1 | 21.3 |
| Lite | 9.4 | 11.5 | 13.0 | 15.5 | 17.5 |
| Lowenbrau | 1.1 | 1.0 | 1.2 | 1.5 | 1.6 |
| Other | — | — | — | 0.2 | 0.3 |
| Total Miller | 31.3 | 35.8 | 37.3 | 40.3 | 40.7 |
| **Stroh** (pro forma)[1] | 29.8 | 26.3 | 24.8 | 23.5 | 22.8 |
| **Heileman** | 7.1 | 11.2 | 13.3 | 14.0 | 14.5 |
| **Pabst** | 15.4 | 15.1 | 15.1 | 13.5 | 12.2 |
| **Coors** | 12.6 | 12.9 | 13.8 | 13.3 | 11.8 |
| Total 4 Brewers | 64.9 | 65.5 | 67.0 | 64.3 | 61.3 |
| All Other Domestic | 27.7 | 23.3 | 21.8 | 20.5 | 19.2 |
| Imports | 3.5 | 4.4 | 4.7 | 5.5 | 5.8 |
| **Total Industry** | 169.0 | 175.2 | 181.0 | 185.1 | 186.3 |

n/m—not meaningful

1—Stroh is shown on a pro-forma basis for Schaefer and Schlitz which were acquired during 1981 and 1982, respectively.

*Source:* Corporate reports and Bernstein estimates.

**Copyright: Beverage Industry December 31, 1982**

## Estimated share of market for major brewers

| | 1978 | 1979 | 1980 | 1981 | 1982E |
|---|---|---|---|---|---|
| **Anheuser-Busch** | | | | | |
| Budweiser | 16.3% | 17.5% | 19.0% | 20.6% | 21.4% |
| Budweiser Light | — | — | — | 0.1 | 1.6 |
| Total Bud Brands | 16.3% | 17.5% | 19.0% | 20.7% | 23.0% |
| Michelob | 4.4% | 4.7% | 4.6% | 4.5% | 4.5% |
| Michelob Light | — | 1.0 | 1.2 | 1.3 | 1.4 |
| Total Michelob Brands | 4.4% | 5.7% | 5.7% | 5.8% | 5.9% |
| Natural Light | 1.4% | 1.5% | 1.3% | 1.2% | 1.1% |
| Busch | 2.0 | 1.7 | 1.7 | 1.8 | 1.9 |
| Total Nat. Lt. & Busch | 3.4% | 3.2% | 3.0% | 3.0% | 3.0% |
| Total Anheuser-Busch | 24.6% | 26.4% | 27.7% | 29.4% | 31.8% |
| **Miller** | | | | | |
| High Life | 12.3% | 13.3% | 12.8% | 12.5% | 11.4% |
| Lite | 5.6 | 6.6 | 7.2 | 8.4 | 9.4 |
| Lowenbrau | 0.7 | 0.6 | 0.7 | 0.8 | 0.9 |
| Other | — | — | — | 0.1 | 0.2 |
| Total Miller | 18.5% | 20.4% | 20.6% | 21.8% | 21.8% |
| **Stroh** (pro forma)[1] | 17.6% | 15.0% | 13.7% | 12.7% | 12.2% |
| **Heileman** | 4.2 | 6.4 | 7.3 | 7.6 | 7.8 |
| **Pabst** | 9.1 | 8.6 | 8.3 | 7.3 | 6.5 |
| **Coors** | 7.5 | 7.4 | 7.6 | 7.2 | 6.3 |
| Total 4 Brewers | 38.4% | 37.4% | 37.0% | 34.7% | 32.9% |
| All Other Domestic | 16.4% | 13.3% | 12.0% | 11.1% | 10.3% |
| Imports | 2.1% | 2.5% | 2.6% | 3.0% | 3.1% |
| **Total Industry** | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |

n/m—not meaningful

1—Stroh is shown on a pro-forma basis for Schaefer and Schlitz which were acquired during 1981 and 1982, respectively.

*Source:* Corporate reports and Bernstein estimates.

**Copyright: Beverage Industry December 31, 1982**

# Miller's volume declines may delay price increase

NEW YORK — The acceleration of Miller High Life's volume declines may force Philip Morris to delay anticipated price increases in early 1983. Such a move would have far reaching ramifications in the industry, comments Emanuel Goldman, industry analyst with Sanford C. Bernstein & Co., located here.

Goldman's most recent report in the beer industry pinpoints this as one of two recent developments which will affect industry profitability. "It is by far the most significant one," he says.

The second is the probability that packaging costs will also increase in view of declining interest rates. "Weakness on the pricing front, accompanied by pressure from a major cost item — like packaging — is just what downward earnings surprises frequently are made of," he writes.

Total industry shipments, according to Goldman, will be 186.3 million, up 1% in 1982.

Goldman projects that Miller High Life volume will be 21.3 million barrels, down 8%. Although Lite gains are estimated to continue in 1982, up 13% to 17.5 million barrels, its increases will not make up for High Life's losses.

Factoring in an 8% gain for Lowenbrau, Goldman estimates that Miller's total shipments will be up.

With a 4% gain for Budweiser, an 8% gain for Michelob Light and an 8% increase for Busch, Anheuser-Busch's total shipments should be up 9% in 1982, says Goldman.

Budweiser Light, in its debut year is estimated to sell some 1.6 million barrels.

A-B's total market share should be 31.8% by year's end, up 2.4 percentage points over 1981. Miller's market share has been estimated at 21.8%.

Heileman will be the only brewery in the "second tier" group to show market share gains in 1982 he estimates. Its market share has been estimated to go from 7.8% from 7.6% in '81.

The second tier — Stroh, Heileman, Pabst and Coors — will control 32.9% of total industry volume by year's end, the analyst predicts. The group's share is down from 1981's 34.7%.

# Ohio import sales aided by drinking age change

COLUMBUS, OH—The Canadian invasion into the Ohio beer market may be getting a boost with the change of the drinking age here from 18 to 19 on October 1.

While eliminating the sales of 3.2% beer, the change allows 19 and 20-year-olds to drink high power beer and alcohol. At least one major distributor feels this will aid in the sale of imported beers, which continue to rise significantly.

Latest figures show import sales rose 14.3% nationally from 1980 to '81, accounting for about 3% of the total beer industry.

"There is a good feel for imports now, especially in Ohio," said Gary Robins, president of Hi-State Beverage Co., "Now, with the lowering of the drinking age to 19 we expect to see more students buying imports."

Students have been unable to purchase imports, he said, because of their high alcohol content.

While Hi-State's distribution area covers eight counties in Central Ohio, a large portion of its sales are in Columbus, home of mammoth Ohio State University. Student sales are an important factor in Hi-State's market.

### expanded product line

Hi-State recently added Labatt's beer and Labatt's 50 Ale to its product line and expects sales of Canada's top beer to be good. Although Hi-State has carried some Mexican imports, Robins said the addition of Labatt rounds out his product line.

Many Ohioans travel to Canada, Robins added,and are familiar with the Labatt line. Even though Molson is currently the top import in his distribution area, Robins expects Labatt to take a substantial share of the burgeoning market.

Hi-State Beverage is one of the top 50 beer distributors by volume in the United States. All of its products are distributed from a newly-built 116,000 sq. ft. controlled-temperature warehouse and office facility.



BEST AVAILABLE COPY